

February 14, 2019

Commission Chair Baney,

The Malheur County Development Corporation appreciates the extensive effort put forth by the Oregon Department of Transportation, the Oregon Transportation Commission, the Formal Review Committee and the Tioga Group for the countless hours of work completed to correctly spend taxpayer dollars. As we all advance to the conclusion of this process, the professionalism and courtesy extended by the state agency to the Malheur County Development Corporation is recognized and appreciated.

As the Malheur County Development Corporation first entered the Treasure Valley Reload Center site for consideration, we reached out to those professionals nationally and internationally known as the top in their fields. Using their vast expertise and years of history in the transportation field, we submitted the document you now have before you. As the Tioga report, the Final Review Committee, and Director Garrett concurred, we request the Malheur site be forwarded to the Oregon Department of Transportation board for final approval.

The Malheur County Development Corporation appreciates the questions and concerns raised by all who have looked at the proposal. Many are tough questions with tough answers required. As this is a process, we stand ready to answer those concerns and use of public dollars.

We fully understand the original proposal lacked in certain areas. But, with limited original money for planning and with the proposal now being months old, many of the concerns stated have already been addressed. We look forward to continuing to address concerns, both stated now and those arising in the future with a level of professionalism and deep regard for the trust in the use of state taxpayer dollars. If a concern arises, we will resolve it and carry the proposal through to an agreed upon conclusion.

The Malheur County Development Corporation does wish to expand on actions taken since the original submittal and subsequent review from the Tioga Group.

- The Malheur County Development Corporation and three land owners have entered into a one- year land acquisition agreement. Final terms of the purchase (i.e. irrigation rights) have not been formally agreed upon pending funding.
- Union Pacific Railroad is prepared to issue a unilateral service letter to the Malheur County Development Group related to the Malheur location. Union Pacific has also conceptually approved the design submitted for the location.

The project now moves forward as Union Pacific and our group of rail engineers expand to 30 percent rail design. These plans will be placed in Union Pacific's Engineering Document Exchange system so both sides can easily identify problem areas and jointly solve complications. At the same time, sales representatives of the rail line and the Malheur County Development Corporation will work jointly to prepare a customer base and reach out to those looking for service.

As the process finalizes, an industry track agreement is to be signed between the two parties.

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In addition, in numerous discussions with Union Pacific, there has been no mention of the company's reluctance to support the project due to direct competition with the Cold Connect line. Cold Connect does not deliver to many of the markets used by local onion packing plants. In addition, other items not requiring cold transportation and the Cold Connect line would be transported by rail from the facility.

This same argument can also be said for the Wallula center. Increasingly, local products are not finding adequate rail service at the Washington facility due to the overwhelming demand for cars servicing wines and produce in Washington. In addition, winter shipments to Washington are frequently delayed due to impassable interstates.

- Both the Tioga Report and Final Review Committee expressed concern regarding the economic viability of an onion-based facility. Since the original submission, the corporation has been inundated with requests for information from a varied mixture of business interests regarding use of the facility. This includes hay producers, implement and agricultural equipment dealers, seed growers and those in the construction trade as well as petroleum dealers. No concerted effort has been made to reach out to businesses in the Treasure Valley, an area of 250,000 population and a 45-minute commute from the planned facility.
- The Tioga Report expresses concern in Union Pacific's reluctance to "invest in railcars to support conventional refrigerated services". A press release from the rail company dated September 7, 2018 announces the purchase of 1,000 new refrigerated cars and Union Pacific's commitment to the transportation of cold items.
- The report also discusses the need for an operator of the facility and the terms agreed upon by the newly named operator. Upon state approval, an operator will be named within the 60-day recommended duration with the contract to outline lease payments, obligations of parties involved, services, and other terms and conditions. Prior to state approval of funding, to name an operator and terms of operation was "placing the cart before the horse".

Multiple parties have made contact requesting information as an operator. At this juncture, prior to finalization of funding, the employment of a full-time operator makes no fiscal sense. Once funding is acquired, an operator will be sought and employed.

We urge the Oregon Transportation Commission to join the Tioga Group and Formal Review Committee in the recommendation of funding for the Treasure Valley Reload Center.

We also ask the commission not to dictate unnecessary restrictions or conditions on the awarding of the grant. The Malheur facility is a long-term venture, supported by a vast number of professionals and coordinated with shipping facilities across the nation. Within the last week, the Malheur County Development Corporation signed an exclusive agreement with North West Container Services in the transportation of materials requiring container expertise.

Once approval is granted, our group of experts will immediately start the process of updating a timeline and project budget. Also, we will initiate the search for a commercial lender to meet the need of financing construction costs.

The Malheur County Development Corporation looks to further expand the facility using the "Build America" grant, a federally funded source of money for rail expansion and improvements.

The strength of this project will be seen for decades. The Treasure Valley area is currently the fastest growing region in the United States. Along with this growth comes the continued demand for movement of products, both incoming and outgoing. Meeting this demand will be Treasure Valley Reload Center.

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Apart from being an economic asset to the eastern side of the state, this facility is a positive for all Oregonians. In addition to removing trucks from an interstate frequently closed during winter months, reducing carbon outputs and filling a need of many searching for transportation alternatives, the funding of the center fulfills a promise made by Governor Kate Brown.

Standing amidst ruined structures after a history-making winter, the governor offered her hand of assistance to insure an annual one billion pounds of onions would make it to market. The Treasure Valley Reload Center is the culmination of her offer.

Addendums associated with this document will be available on February 21 during the presentation. Hard copies will be made available to the commission at that time.

We again thank you all for the time and efforts put forth to evaluate this proposal. We also invite each and every one of you to visit the facility as the trains roll in.

Best Regards,

Greg Smith, Director
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